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**FISCAL IMPACT STATEMENT**

**LS 6523**

**BILL NUMBER:** SB 536

**NOTE PREPARED:** Feb 18, 2015

**BILL AMENDED:** Feb 17, 2015

**SUBJECT:** Methamphetamine-Related Conviction Reporting.

**FIRST AUTHOR:** Sen. Young R Michael

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) *Reporting of Drug-Related Felonies*- The bill requires courts to report drug-related felonies to the Indiana State Police Department (ISP). The bill requires the ISP to report drug-related felonies to NPLeX so that NPLeX can generate stop-sale alerts to prevent individuals with drug-related felonies from purchasing ephedrine or pseudoephedrine.

*Possession of Precursor*- The bill provides that the offense of possession of a precursor by a methamphetamine offender (which prohibits the possession of pseudoephedrine or ephedrine without a prescription by persons convicted of certain offenses) applies to a person who has been convicted of a drug-related felony.

*Reporting of Meth Labs & Scheduling of Meth Precursors*- The bill requires the ISP, in January 2020, to report the number of methamphetamine laboratories discovered in calendar year 2019. The bill also provides that if the number of methamphetamine laboratories discovered is greater than 400: (1) ephedrine and pseudoephedrine become Schedule IV controlled substances from 2020 until 2023; and (2) reporting requirements relating to the purchase of ephedrine and pseudoephedrine, as well as certain provisions relating to retail sale, are suspended from 2020 to 2023.

**Effective Date:** (Amended) Upon passage; July 1, 2015; January 1, 2016.

**Explanation of State Expenditures:** (Revised) *Reporting of Drug-Related Felonies*- The following table illustrates the estimated costs to the ISP to carry out this provision.

| <b>Estimated ISP Expenditures</b>  |                  |                 |
|--|------------------|-----------------|
| <b>Item</b>  | <b>FY 2016</b>   | <b>FY 2017</b>  |
| Database Modifications and Maintenance (Initial & Ongoing)   | \$116,800        | \$28,800        |
| Temporary Staffing and Computer Fees<br>(To Enter Seven Years of Criminal History Records for Drug-Related Felonies) | \$236,300        |                 |
| Permanent Staff (for database support)   | \$25,400         | \$25,400        |
| <b>TOTAL</b>   | <b>\$378,500</b> | <b>\$54,200</b> |

Database Cost- The ISP reports that modifications to their existing criminal repository database would be needed in order to comply with the bill's requirements. The information technology (IT) upgrades are estimated at \$116,800 in the first complete year of implementation and \$28,800 ongoing annual IT maintenance in subsequent years.

Temporary Staff- Based on the amount of time needed to input records, the ISP estimates that hand entering the number of drug-related felony cases for the previous seven years would require \$225,400 in temporary employee salary expenditures and \$10,900 in computer fees to Indiana Office of Technology (IOT). The ISP estimates it would take 40 weeks to complete the entry of a seven-year history of records.

It is also possible that some additional staff resources may be required to operate an administrative appeal procedure. The amount of resources required for this purpose is not known.

Permanent Staff- The ISP would likely require an additional staff member to sort, enter, confirm, and organize the data received by the courts into the database in future years. The staff member is estimated to require \$25,400 annually.

Secure FTP- If the IOT installed the secure FTP for the ISP to connect to APPRISS (the NPLeX vendor), it would require a monthly service charge of \$16.16.

Meth Lab Report- If the ISP reports on January 18, 2020, that there are more than 400 meth labs discovered during CY 2019, the ISP would not have to report the drug-related felonies to the NPLeX from July 1, 2020, until June 30, 2023. During that time period, if more than 400 meth labs have been reported by the ISP, ephedrine and pseudoephedrine would be made a Schedule IV drug.

(Revised) *Possession of Precursor*- This provision could expand an existing penalty (possession of a precursor by a methamphetamine offender, which is a Level 6 felony.) A Level 6 felony is punishable by a prison term ranging from 6 months to 30 months or reduction to Class A misdemeanor depending upon mitigating and aggravating circumstances. The average expenditure to house an adult offender was \$19,497 in FY 2014. (This does not include the cost of new construction.) If offenders can be housed in existing facilities with no additional staff, the marginal cost for medical care, food, and clothing is approximately \$3,210 annually, or \$8.77 daily, per prisoner.

(Revised) *Reporting of Meth Labs & Scheduling of Meth Precursors*- The ISP, via their annual reports, routinely reports the number of clandestine meth lab seizures that their Methamphetamine Suppression Section (MSS) has either assisted with or initiated. For reporting years 2010 through 2012, the average number of ISP-initiated or -assisted seizures has been more than 1,000 annually. It is likely the ISP would

have to coordinate with local law enforcement to arrive at the exact number of meth labs seized in CY 2019.

(Revised) *Ephedrine /Pseudoephedrine (PSE) Schedule IV Controlled Substance* - If more than 400 meth labs are discovered during CY 2019, the bill provides that beginning in FY 2020, PSE will be included as a Schedule IV controlled substance for a period of three years.

The fiscal impact of this provision for the three years it could be effective, has six components.

- (1) The bill is estimated to result in about \$1,440 annually in additional state Medicaid costs for pharmacy dispensing fees.
- (2) Sales tax revenues would decrease by an estimated \$1.7 M as a result of changing the status of products containing PSE from over-the-counter to Schedule IV (prescription drug) status.
- (3) Costs for the incarceration of offenders convicted of dealing in a Schedule IV controlled substance offense could increase.
- (4) The Superintendent of State Police would have costs associated with preparation of a report regarding the impact of scheduling PSE.
- (5) The Board of Pharmacy would be required to suspend rules concerning the NPLEx reporting requirements for pharmacies and adopt rules and make findings concerning products that may be extraction- or conversion-resistant forms of PSE.
- (6) There would be an estimated cost avoidance of up to \$3.1 M for the Indiana State Police due to the decline in the need to detect and clean up clandestine laboratory sites. (This estimate is based on the level of resources committed in FY 2014 - it could be less or more depending on the number of meth labs discovered during the 4.5-year period prior to the implementation date of the provision.) Resources could be directed to other priorities.

**Explanation of State Revenues:** (Revised) *Possession of Precursor*- If additional court cases occur and fines are collected, revenue to both the Common School Fund (from criminal fines) and the state General Fund (from court fees) would increase. The maximum fine for a Level 6 felony is \$10,000.

**Explanation of Local Expenditures:** *Reporting of Drug-Related Felonies*- Trial courts would have to develop a means, if not currently doing so, to collect and send the required data. Courts could establish FTP links to the ISP to provide the information. However, the bill does not specify the means by which courts must forward the data. It is possible counties could mail paper copies of the data in order to comply. Therefore, the cost to counties to provide the data is indeterminable and would depend on the decisions made by each circuit or superior court on how to collect and send the required data to the ISP.

(Revised) *Possession of Precursor*- If more defendants are detained in county jails prior to their court hearings, local expenditures for jail operations may increase.

**Explanation of Local Revenues:** (Revised) *Possession of Precursor*- If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees.

**State Agencies Affected:** Indiana State Police, State Board of Pharmacy, Family and Social Services

Administration, Medicaid.

**Local Agencies Affected:** Trial courts, local law enforcement.

**Information Sources:** Indiana State Police; Mary DePrez, Division of State Court Administration; Mark Wolf, Departmental Services Division, Michigan State Police; The National Association of Drug Diversion Investigators: [www.naddi.org](http://www.naddi.org); [www.appriss.com/about.html](http://www.appriss.com/about.html); Indiana Office of Technology: FY 2015 Service Descriptions and Rates; *Indiana State Police 2010 Annual Report*, p. 53; *Indiana State Police 2011 Annual Report*, p. 57; *Indiana State Police 2012 Annual Report*, p. 39.

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